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Voluntary - Public

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Philippines

Post: Manila

Milled Rice PSD Update

Report Categories:

Grain and Feed

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Report Highlights:

Rice production in MY09/10 will decline from the previous year's level as a result of damages brought about by Typhoons Ketsana and Parma. Imports during the year are likely to stay flat compared to the MY08/09 level due to adequate stocks entering MY09/10. The GRP calculates that the current rice inventory will last through the end of 2009. It, however, is anticipating the tightness in supply by early 2010, and will be holding a rice tender for 250,000 MT this month for early 2010 delivery.

General Information:

The main Philippine island of Luzon has been declared under a State of Calamity after the devastation left by Typhoons Ketsana and Parma early this month. Overall agricultural losses in Luzon island, according to an Oct. 12, 2009 report from the Philippine Department of Agriculture (DA) stood at P18.4 billion (\$396 million). The same report approximates rice lands affected by the two typhoons at 460 thousand hectares of representing a loss equivalent to about 839 thousand tons of paddy rice.

Production, Supply and Demand Data Statistics :

Rice, Milled Philippines	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
	USDA Official Data	Old Post		USDA Official Data	Old Post		USDA Official Data	Jan	
			Data			Data			Data
Area Harvested	4,346	4,346	4,346	4,528	4,400	4,528	4,450	4,400	4,450
Beginning Stocks	4,868	4,868	4,868	4,418	4,816	4,418	4,121	3,859	4,121
Milled Production	10,479	10,478	10,479	10,753	10,593	10,753	10,710	10,593	10,400
Rough Production	16,633	16,632	16,633	17,068	16,814	17,068	17,000	16,814	16,508
Milling Rate (.9999)	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
MY Imports	2,570	2,570	2,570	2,600	1,750	2,600	2,400	2,000	2,600
TY Imports	2,500	2,320	2,439	2,000	1,750	1,800	2,400	2,000	2,600
TY Imp. from U.S.	89	0	117	0	0	0	0	0	0
Total Supply	17,917	17,916	17,917	17,771	17,159	17,771	17,231	16,452	17,121
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Total Consumption	13,499	13,100	13,499	13,650	13,300	13,650	14,005	13,450	13,785
Ending Stocks	4,418	4,816	4,418	4,121	3,859	4,121	3,226	3,002	3,336
Total Distribution	17,917	17,916	17,917	17,771	17,159	17,771	17,231	16,452	17,121
Yield (Rough)	4.	4.	3.8272	4.	4.	3.7694	4.	4.	3.7097
TS=TD			0			0			0

Downward revisions were made to rice production estimates for MY09/10 as a result of damages due to the devastating effect of Typhoons Ketsana and Parma in early October 2009. The Philippine Department of Agriculture (DA), in its Oct. 12, 2009 report, approximates rice lands affected by the two typhoons at about 460 thousand hectares of representing a loss equivalent to about 839 thousand tons of paddy rice. This volume represents roughly 13 percent of the 6.48 million tons targeted national rice output for the last quarter of 2009. The downward adjustment is less than the reported volume damaged as Post had already factored in a more conservative production estimate for MY09/10.

The early recovery of typhoon-affected farmlands look bleak as it will require massive assistance in the form of infrastructure rehabilitation and repair as well as credit to cover production inputs. Prospects of a couple of more typhoons passing through the country are also expected to delay rehabilitation activities.

MY09/10 rice consumption was pared down modestly but will continue to grow from the previous year's level due to the typhoon damages which are included in consumption as losses. The GRP had earlier declared the entire country under a State of Calamity but later withdrew the declaration to cover only the main island of Luzon. More than a million flood victims and close to 350,000 people in evacuation centers in Luzon Island continue to receive food aid. Limited resources make the practice unsustainable, however, and there also exists distribution and access problems in some areas. The majority of the affected come from indigent families whose already meager incomes are expected to constrict rice consumption once food aid is removed. The prospect of increasing rice prices is likely in MY09/10 and this is expected to aggravate the situation. Increasing rice prices will have a dampening effect on rice consumption in MY09/10, which

was earlier predicted to increase considerably owing to country's growing population as well as the expected increase in election-related spending leading to the May 2010 national elections.

MY and TY imports for 09/10 were raised as a result of the expected decrease in production during the period, the majority of which are expected to be sourced from Vietnam. The GRP has maintained that there is sufficient rice inventory for the remainder of 2009 although tightness in overall rice supply by early 2010 is possible. This has forced the announcement of another importation of 250,000 tons of rice this month, for delivery early 2010. Early GRP projections have reportedly placed 2010 rice importation at 2 million tons although Post expects a higher import-level during the period. Post likewise supports food aid (rice) to the Philippines given the delicate supply situation in the face of the possible occurrence of more weather disturbances as well as to dampen the possible increase in rice prices.

Although more imports in MY09/10, ending rice stocks during the year are expected to decline from the previous year's level.